To: Point Foundation Board
From: Mike, 9/26/95
Re: Loan through Joel Solomon

Here are the terms which Joel Solomon proposed today for a loan. According to Joel, the loan is acceptable to Joel and his British Columbia associates on the following terms. If we wish to propose something different, they will of course listen.

Part I is what goes into the contract. Part II is additional notes which would be part of our mutual understanding:

I. Contract terms

A. Loan amounts

$75,000 available in October
$75,000 in March, by mutual decision that we and they both feel a second loan would be useful to us and helpful in our situation
$50,000 in October, 1996 to be negotiated if we are showing results from the first two loans

[Note: the second $75,000 is "pretty firmly committed," depending on "seeing good things happen." Joel suggests that we use the criteria list below as a guideline. We should feel free to state the criteria in the form most acceptable to us. Without being any more specific, the understanding would be that the $50,000 a year out would be contingent on a more stringent reading of the criteria.]

B. Criteria for succeeding loans

Progress in Board development
Major donor program development
Foundation program development
Whole Earth marketing plan (not just circulation) coming into place
British Columbia connections and circulation plan coming into place
Circulation figures increasing
Increase in subscription price [he suggested $25]

C. Debt-free warrant

We should state in our letter that we are free of other debt other than regular bills, and these are not in arrears

D. Interest

12% annual interest: 5% cash, 7% in kind

They are open to our proposing how to state the "in-kind": can include free subscriptions, Millennium *Whole Earth Catalogs*, etc.; can include out of pocket expenses for efforts to increase circulation of *WER* within British Columbia; can include value of free unclassifieds [see below]; this one is up to us and our creativity

E. Paydown of loans and interest

5% of total loan and interest first year;
10% second, third, fourth years
Balance fifth year

F. Collateral

Zomeworks stock
Computer equipment
Future MWEC royalties up to the total owed

Agreement that their interest would not be subordinated to that of any other lenders

[Four notes here: First, Joel is very clear that we are, in effect, pledging all our present assets in order to get the money we need now — assuming, of course, that the Zomeworks stock doesn't suddenly soar in value. They do want whatever assurance can be had that they will get their investment back. On the other hand, should the worst case occur, they would expect to work with us to create a settlement plan.

[Second, *this* is the collateral for the loan, not (for instance) the personal assets of Board members. We would need to make sure that the papers say that, but they can be drawn up that way.

[Third, when I was talking with him, I completely forgot that half the royalties from MWEC, should they occur, are already committed to Point staff members. We would need to disclose that.

[Fourth, As long as we can make the 5-10% yearly payments, the collateral question isn't a factor. It would probably be the fifth year we would be concerned about, and therefore the MWEC royalties for the years 2000 and following. They are not asking us to sequester royalties as long as we are staying current in our servicing of the loan.]

G. Default provisions

Joel invites us to propose "unonerous" language for specifying what constitutes default and what the consequences would be. If we don't have language we want to propose, they will supply it.

H. Point Board commitments

Joel is asking for a commitment that Ty Cashman and Wade Rose both remain on the Point Board for at least three years, or until 30% of the debt is repaid, whichever is later.

I. Legal costs

Point and the lender would each be responsible for their own legal costs for writing and processing this loan.

J. Other benefits to lender

We would offer them $60 of unclassified ads in each issue.

We would send them 10 copies of *The Millennium Whole Earth Catalog*.

Both of these expenses (MWEC at Point's cost for purchase and shipping) can be credited toward the 7% in-kind interest owed. They are also interested in any other barter suggestions we want to make for this expense.

II. Not written into contract, but part of informal agreement

A. Perpetual Supporter

They would like "Allswell, British Columbia" [British Columbia SPO] listed as a Perpetual Supporter

B. Whole Earth Correspondents

They nominate the following as Whole Earth correspondents, and hope/expect that we will follow through: i.e., contact them, give them guidelines, solicit and use their material:

MINIÉ 206-447

SEATTLE

Allen Durning [editor or publisher of *Northwest Watch*] 447-1880 1880
Rex Weyler 604-935-6736
Judith Plant [B.C. branch of New Society Publishers] 604-249-9737

We can get their phone numbers from Joel's Nashville office

508-325-4045

C. A lead for us

Joel suggests we contact Woody Tasch, treasurer of the Jesse Smith Noyes Foundation. He is in charge of Program Related Investment matters for Noyes. Joel feels he is a good contact for a possible loan or grant. We can get his number from Joel's office, and can tell him we are calling at Joel's suggestion.

D. Royalties report

Joel wants the most recent earnings statement on MWEC, and wants future statements as they arrive [I have told him that we need to sell another 30,000 or so copies before we are owed any royalties, and that Harper hopes we will reach that point with this year's holiday season].

E. Other reporting

Joel asked, essentially, to be treated as a "shadow Board member."

He would like quarterly financial statements, and other paper circulated to the Board, as well as regular updating on other developments and needs.

He hopes that our relationship will be collaborative: for example, that we will keep him informed about relevant developments here and that he will keep us in his thoughts and will introduce us to other funders and resources as he encounters them.